

1 7 NOV 1983

Dear Applicant:

Feder, I Income Tax under section 501(c)(7) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on under the nonprotit corporation laws of the State of the

Incorporation, are to develop generally the image of the manufacture; to provide a social atmosphere for owners of the to provide a traternal organization for owners of the transport of the provide a charitable and benevolent outlet for the members of the organization.

events such as 1) Spring Car Show, 2) Kallies, 3)

4) Autocross and Drag Kacing. The organization also sponsors bowling, parties, picnics, parades and other social activities for its members and triengs as well as providing, a monthly newsletter to its members.

Participation in your various sports car events is open to members and non-members alike. The Spring bar Show is an event to show and display in a public place of various age and vintage. Registration fees are for members and for non-members. Every participant receives a 5 by 7 plaque with the year and model of their tar engraved on it. In addition, our trophics are awarded; first, second, and third place trophics in the merchants choice, and one trophy for best of show.

venicles under time and distance guidelines with a set of instructions.

Avaics are generally two, for placing first. The cost is \$ ______ for members for non-members.

15

caravan iron and other points to the registration rees are \$ per single and \$ per couple for non-members and \$ includes the sale of accessories to participants.

is published 10 times: a year with a circulation to all club members as well as to other neighboring clubs. The purpose of this public, ion is to provide members and non-members with information concerning apcoming club and car-related events, social items, articles about members and sponsor advertising. The costs of the sponsor ads are a for a quarter page, and for a half page and \$7000 for a full page. These aus are placed by members and non-members alike and are generally advertising the sponsors place of type of business.

Your organization is a membership organization. Membership is open to any purson who pays the annual dues as set by the Board of Directors. The membership dues are \$ ior a single person and \$ ior a couple.

Section 501(c)(/) of the Code provides for exemption from Federal Income Tax of clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which incres to the benefit of any private shareholder.

Section (.501(c)(7)-1(a) of the income Tax kegulations provides that section 501(c)(7) of the Code applies only to clubs which are organized and operated exclusively for pleasure, recreation and other nonprotitable purposes, but does not apply to any club if any part of its net earnings inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership ices, and assessments.

kev. Rul. 65-63, 1965-1 C.B. 240, states that a non-profit organization which, in conducting sports car events for the pleasure and in restion of its members, permits the general public to attend such events for a fee on a recurring pasts and sclicits patronage by advertising, does not qualify for exemption as a club organized and operated exclusively for pleasure, recreation and other nonprofit purposes under 501(c)(7) of the internal advenue tool of 1756.

The combined tree practice divides which are open to members and nontime is tree. The extraction of proceeding held in a public place and tickets with more of the control. Note proceed that, which details all of your activities, to critically allowed at a tube, thereby soliciting non-members participations the second controlled's activities. Your publication also contains advertisements of controlled that are owned by members and nonticing the law, protected, proceed, the private business interests of your activities. It appears that your transactions with outside organizations are of such magnitude and recurrence as to be more than merely incidental or in furtherance of your general club purposes. Accordingly, we conclude that by making your social facilities available to the general public through your member-sponsored arrangement, you are not operating exclusively for pleasure and other non-profitable purposes.

Since the general public is invited to your social and recreational events and your receipts therefrom are a substantial part of your total income, it is evident that you are not operating as a social club within the intendment of Section 501(c)(7) of the Code.

Accordingly, we hold that you are not entitled to exemption from Federal Income Tax as an organization described in section 501(c)(7) of the Code. You are required to file Federal income tax returns annually with your bistrict Director.

It you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in cuplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had, an opportunity to consider the brief and it appears that the conclusions are still unrevorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Procedures for Adverse Determinations, which explains in detail your rights and procedures.

It you agree with this determination please sign and return the enclosed Form 6018.

Sincerely. yours,



ERCIOSU(CS: 10511.0C100 692 road C(18